



U.S. Immigration  
and Customs  
Enforcement

October 20, 2004

# News Release

## **ICE RETURNS \$8,200 TO BAINBRIDGE ISLAND SCAM VICTIM**

*Special agent warns of telemarketing scams*

SEATTLE—U.S. Immigration and Customs Enforcement (ICE) special agent returned \$8,200 to a Bainbridge Island woman Tuesday who had been victimized by telemarketing con artists operating from Canada.

The check presentation was the result of a joint investigation that included the Royal Canadian Mounted Police, ICE, and the U.S. Postal Inspectors.

Project COLT, as it's called, is a multi-agency joint U.S.-Canada initiative targeting telemarketing fraud.

Leigh Winchell, special agent-in-charge for the ICE office in Seattle, issued a warning that Pacific Northwest residents should be vigilant about such scams, which have already bilked people – especially senior citizens – in the United States out of tens of millions of dollars.

“If it sounds too good to be true, it probably is,” said Winchell. “Don’t be fooled by these criminal con artists who attempt to pass themselves off as trustworthy. Their intention is simply to steal your money. Before sending any funds at all, call the Project COLT toll-free hotline at 888-495-8501.”

Winchell said that telemarketing scams are prevalent and take on various forms.

A common telemarketing scam involves calls being placed to people throughout the United States from someone claiming to be a “customs agent” along the U.S.-Canada border.

The caller claims that the intended victim has won the Canadian lottery and that a check for a large dollar amount is being held at the border. The con artist then requests a “processing fee” or “customs duty” be wired or mailed before the check will be released.

Victims are given a callback telephone number in the United States, adding credibility to the ruse. In reality, calls made to the U.S. number are electronically routed to the con artists in Canada.

Those who run telemarketing schemes are highly skilled, and even the skeptical can fall victim. In August 2003, ICE agents in Tucson returned \$14,620 to a retired Army brigadier general. The 86-year-old Tucson resident had been victimized in a version of the long-running telemarketing scam. A law enforcement investigation resulted in the recovery of the general's money.

"The sad truth is that most people simply lose their money," said Winchell. "ICE will do everything it can to stop this criminal enterprise, but the first line of defense is for people to be very skeptical whenever someone calls asking for money."

Telemarketing fraud, which primarily targets elderly victims in the United States, has resulted in the loss of tens of millions of dollars by people who are least able to recover from financial loss. Victims often lose their entire life savings. Fraudulent telemarketers represent themselves to victims as lawyers, government officials, police officers, accountants or lottery company officials. The victims are told that they will receive a sum of money varying from thousands to millions of dollars in lottery winnings.

Since 1998, the Project COLT joint initiative has included agents from the following organizations: U.S. Immigration and Customs Enforcement (ICE), Federal Bureau of Investigation (FBI), U.S. Postal Inspectors, Royal Canadian Mounted Police (RCMP), Surete du Quebec (SQ), and Montreal Urban Community Police (MUC). The focus of Project COLT is to identify, disrupt, and dismantle telemarketing fraud operations. Project COLT is a unit consisting of law enforcement officers who intercept funds (usually bank drafts and cashiers' checks), so they can be recovered and ultimately returned to victims. Project COLT Officers also work to prevent further victimization both through public education and the prosecution of those who commit the fraud.

Project COLT members also have formed partnerships with Canada Customs and Revenue, Canada Post Corporation, Federal Express, Purolator, United Parcel Service, DHL and other companies to assist with fund interception and return.

Project COLT Web Site: [http://www.rcmp-grc.gc.ca/qc/pro\\_ser/delits\\_e.htm](http://www.rcmp-grc.gc.ca/qc/pro_ser/delits_e.htm)

# ICE #

*U.S. Immigration and Customs Enforcement is the largest investigative arm of the Department of Homeland Security.*

***Project COLT:  
A Joint United States-Canada Telemarketing Fraud Task Force***

Since April 1, 1998, in a joint effort to combat Canada-based criminal fraudulent Telemarketing schemes, ICE special agents and members of the Royal Canadian Mounted Police (RCMP), in conjunction with the Surete du Quebec, the Montreal Urban Community Police, the U.S. FBI, and the U.S. Postal Inspector Service have been involved in the initiative known as Project COLT.

The focus of Project COLT is to identify, disrupt and dismantle organizations perpetrating these schemes and seize the proceeds of their operations, as well as return money to victims of telemarketing fraud.

These schemes typically involve fraudulent telemarketers identifying themselves as lawyers, customs officials, police officers, or lottery company officials contacting potential victims. The victims are told that they will receive a sum of money varying from thousands to millions of dollars. These funds are most often presented as the result of a lottery win or sometimes as a recovery of fraudulent lottery telemarketing funds. The fraudulent telemarketers then tell the victims that they have to pay certain fees for service charges, federal or provincial taxes, customs duties, handling, insurance or other charges. The victims are told to send the funds via mail, courier, or more commonly by wire transfer companies such as Western Union and Express MoneyGram. False identification is often used to assist with the reception of the funds. The winnings are non-existent and the fraudulent telemarketers merely take advantage of the victims. Most of the perpetrators are very articulate and will often provide a variety of partners in defrauding the victim over several days, increasing the complexity of the scheme.

Since its inception, Project COLT has seized and returned more than \$13 million to United States and Canada victims of telemarketing fraud. Furthermore, ICE has initiated numerous complex criminal investigations due to Project COLT efforts, resulting in 26 U.S. Grand Jury indictments and 161 U.S. and Canada-based arrests. In addition, Canadian law enforcement authorities have executed more than 50 search warrants and shut down 44 Western Union branch offices involved in these telemarketing fraud conspiracies. Canada-based telemarketing fraud results in the estimated loss of more than of \$700 million a year. These criminal organizations are heavily involved with international and violent organized crime, including the Hell's Angels motorcycle gang, and as such they represent a significant assault on the United States homeland and upon the financial security and livelihood of its citizens.

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# ICE #

## **Project COLT's Top 10 Telemarketing Scams**

1. **Lottery or Sweepstakes Scams.** Con artists telephone innocent victims to tell them they have won a lottery jackpot or other substantial prize. The caller tells the person that in order for the prize money to be released, they must first pay a Customs duty, a tax, or a fee. Typically, the fee is several thousand dollars. The so-called winners are then asked to send a check or wire the fee to a bank account or foreign mailbox. The con artist assures the victim that, once the fee has been received, the prize money will be released. Con artists often pressure their victims by telling them they only have a limited amount of time to send in the fee. If they miss the deadline, the winnings will be returned to the "jackpot." Often, the victims are given a phony award number and telephone number to contact lottery officials. Inevitably, the prize money never arrives. There are a number of variations of this scam. Some of these include, "You are guaranteed to have won one of five top awards"; the Magazines for Life scam; and the Mystery Prize scam.
2. **Recovery Operations.** In these scams, the con artists target people who have previously been victimized by telemarketers. The caller claims to be a lawyer, judge, police officer, U.S. or Canadian Customs officer, or an IRS or Canadian income tax official. They tell victims that they are aware of their past experience with telemarketers. They then claim there has been a recent settlement from a court case against telemarketers and that the person is entitled to part of the award. But before the victims can collect their share, they must first send a fee or pay duties and taxes. To lend credibility to this fraud, the con artist will supply details about the person's past experience, such as the amounts of money sent and the companies involved.
3. **Advanced Loan Fees.** Con artists advertise (usually in newspapers or financial publications) that they can loan money to people who have had difficulties obtaining loans elsewhere. The con artist gives the caller loan approval over the phone, but tells them that they must pay a fee in order to receive the loan. Once the check is in the mail, the caller disappears. There are numerous variations of this scam. In some cases, fraud artists offer venture capital loans to entrepreneurs. The con artist tells victims that, in order to qualify for the money at a competitive rate, the victims must first put up a percentage. Sometimes this fee can be tens of thousands of dollars, depending on the amount the investor wants to borrow. The con artist takes the fee and then disappears. In some cases, the con artist will go back to the investor for more money, saying that additional funds are required to convince their board that the loan is a good risk.
4. **Counterfeit Checks.** This scheme is a particularly insidious variation of the lottery or sweepstakes scam. The fraud artist informs victims that they have won a foreign lottery and solicits a fee up front in order to release the winnings. Upon receiving their fee, the telemarketer issues counterfeit checks to the victims in the amount of the bogus lottery prize. The victims then attempt to cash or deposit the check, which eventually comes back counterfeit. The bank then goes after the victim and demands the money back. The victim essentially gets "stung" twice, while the telemarketer walks away with the money.

5. **Fraudulent Charitable Donations.** Many fraudulent telemarketers call claiming to represent charitable organizations, often using well-known, legitimate charities. They often use variations of the real name of a charity. For instance, they may say they represent the American Kidney Foundation, instead of the legitimate National Kidney Foundation. They also call claiming to represent police or firefighter organizations. They typically ask victims for donations to help police officers buy equipment or to assist families of officers disabled or killed in the line of duty. Other solicitations ask victims to help veterans, sick children; or the homeless.
6. **Fraudulent Magazine Subscription Sales.** In this scam, con artists call claiming to be from a magazine publisher. They ask victims to renew a magazine subscription. In most cases, the victim never receives the magazine or receives it at an inflated cost. Victims may end up with a bill for several hundred dollars and magazine subscriptions for years.
7. **Advance Fee Sweepstakes Fraud.** This scam combines elements from the "advance loan fee" scheme and the lottery/sweepstakes scam. Victims receive a card in the mail or a phone call informing them that they have won a prize. In order to collect the prize, they must send in a down payment. Sometimes con artists say that this fee is actually federal income tax. In other instances, the caller poses as a government official and demands that appropriate taxes or customs fees are paid before the money can be released.
8. **"Reloading" of Fraud Victims.** This scheme involves more aggressive con artists who contact prior victims of telemarketing fraud. The reloader will try to convince victims that they are eligible for even greater prizes under the company's "executive" prize promotion, provided that more purchases are made. This scam is particularly hurtful to senior citizens. Faced with the loss of their savings, some seniors will go along with another scheme in the hope that the con artist will "make good" on the original funds that were lost. The con artists ratchet up the pressure as they demand more money, often asking for credit card numbers. Some have even told victims to take out a loan to cover the fee.
9. **Precious Metals and Gems.** This scam was very popular in the mid-1990s. In this scheme, Canadian telemarketers purchase cheap gems and sell them to victims for much more than they are worth. Once the victims receive the stone, they are told not to open the break the seal on the container. Over a period of time, the telemarketer calls the victims to tell them that their stone has increased in value on the global market and that they should buy more. When the victim eventually opens the package and has the stone appraised, they find out that the stone is worth no more than one hundred dollars. A U.S.-Canadian investigation recently led to charges against 48 people accused of operating a cross-border scam involving gem sales. The suspects, based in Canada, allegedly defrauded several thousand investors out of more than \$52 million. A church minister in York, Pa., reported that he lost more than \$1 million dollars in the scam.
10. **Investment Scams.** Con artists claiming to be legitimate investors collect millions of dollars each year from innocent victims. In this scheme, they collect funds from victims claiming the money will be invested in lucrative banking and real estate programs. Often, con artists promise huge returns with little or no risk. Frequently, the con artists use the money from legitimate investors for personal expenses.